

Garbage Disposals Guidance Note

The following notes are provided to technical officers in order to assist them in dealing with inquiries concerning the GST treatment of garbage disposal, rubbish removal and tip fees.

The disposal of garbage and other related services falls for consideration under Division 81 of *A New Tax System (Goods and Services Tax) Act 1999* (the GST Act) which specifies special rules for the treatment of certain taxes, fees and charges. Paragraph 81-5(2) states "the payment of any Australian tax, fee or charge that is specified in a written determination of the Treasurer, or the discharging of a liability to make such a payment, is not the provision of consideration.

The Treasurer has provided this written determination as *A New Tax System (Goods and Services Tax) (Exempt Taxes, Fees and Charges) Determination 2000 (No.2)*. This document outlines those Government taxes, fees and charges that will be exempt from GST.

As a general principle the exemption from GST extended to garbage collection and similar services is only extended to those services which are compulsorily levied on ratepayers and provided as part of their rates. These types of services may include a weekly rubbish collection or the provision of "free" vouchers as part of a ratepayer's entitlement to council or shire services.

Accordingly services which are provided as extra facilities, such as the provision of an extra garbage bin, tip fees or the purchase of further vouchers for garbage dumping are considered to be taxable supplies and subject to GST.

This exemption applies to both residential and commercial premises as well as premises which are maintained for both commercial and residential purposes.

Rubbish disposal services which are provided by commercial operators fall outside the exemption provided under Division 81 unless fee or charge is payable to an Australian government agency.

Michael Duggan
Government Complex Team
Law Design & Development